

**FILED**

**JUN 10 2016**

**SECRETARY, BOARD OF  
OIL, GAS & MINING**

**BEFORE THE BOARD OF OIL, GAS AND MINING  
DEPARTMENT OF NATURAL RESOURCES  
STATE OF UTAH**

**IN THE MATTER OF THE REQUEST  
FOR AGENCY ACTION OF AXIA  
ENERGY I, LLC FOR AN ORDER  
MODIFYING THE BOARD'S ORDERS  
ENTERED IN CAUSE NOS. 131-14,  
139-42, 139-90 TO ESTABLISHING  
SPECIAL 2,560-ACRE (OR  
SUBSTANTIAL EQUIVALENT)  
DRILLING UNITS FOR THE  
PRODUCTINO OF OIL, GAS AND  
ASSOCIATED HYDROCARBONS  
FROM THE LOWER GREEN RIVER-  
WASATCH (COLTON) FORMATIONS,  
COMPRISED OF SECTIONS 27, 28, 33  
AND 34, AND SECTIONS 29 THROUGH  
32, RESPECTIVELY, TOWNSHIP 2  
SOUTH, RANGE 1 WEST, USM,  
DUCHESNE AND UINTAH COUNTIES,  
UTAH.**

**RESPONSE TO AXIA'S REQUEST  
FOR AGENCY ACTION AS  
AMENDED BY AXIA'S RESPONSE  
TO OBJECTIONS FILED  
MAY 31, 2016.**

**Docket No. 2016-011**

**Cause No. 139-138**

EP Energy E&P Company, L.P. ("**EP**"), by and through its counsel, Phillip Wm. Lear and Clifford B. Parkinson, of Lear & Lear PLLC, files its Response to Axia, LLC's ("**Axia**") Request for Agency Action in the above captioned matter filed on April 8, 2016, as amended by Axia's Response to Objections filed on May 31, 2016 ( "**Amended Request**"). The Board authorized EP to file its Response to the Amended Request ("**Response**") out-of-time, pursuant to its Order entered on May 20, 2016, authorizing EP to respond on or before June 10, 2016.

Prior to Axia's Response to Objections creating the Amended request, EP had the following objections to the Request for Agency Action as part of its Motion to Continue. Specifically, EP challenged Axia's original Request, as follows:

1. EP objected to the Axia's requested 2,560 acre drilling units ("**Drilling Units**"). Such Drilling Units would have been unprecedented in the greater Altamont-Bluebell, Cedar Rim-Sink Draw fields and, if formed, would have established a precedent that could have allowed operators to hold large amounts of acreage within the Greater Altamont-Bluebell, Cedar Rim-Sink Draw fields with only minimal production.

2. EP objected to Axia's requested well density in each of the two Drilling Units on grounds that the requested 80 wells per Drilling Unit with no between well setbacks, was not supported by geologic or engineering data and would not prevent waste or protect correlative right.

3. EP objected to Axia's requested multi-well non-consent penalty. Such a penalty would have run contrary to Utah's statute controlling non-consent penalties, *see* Utah Code Ann. 40-6-6.5 and Utah Supreme Court precedent applying said statute, *see Cowling V. Board of Oil, Gas and Mining*, 830 P.2d 220, 226 (Utah 1991).


4. Finally, EP objected to the requested well set-back requirements that would have allowed horizontal, vertical and directional wells to produce as close as 300 feet to all Drilling Unit boundary lines. Wells drilled in such close proximity to the Drilling Unit boundary lines adjacent to drilling units having 660-foot set-backs absent data to confirm that no drainage would

occur, does not protect correlative rights and places operators in adjacent lands at risk of drilling offset, and perhaps unnecessary wells.

However, as amended, EP has no objection to the terms and conditions of Axia's Amended Request. Nevertheless, EP reserves to right to participate in the hearing on this matter on June 22, 2016 and to oppose future requests to extend this spacing.

Respectfully, submitted this 10 day of June 2016, by:

By:   
Phillip Wm. Lear

  
Clifford B. Parkinson  
Attorneys EP Energy E&P Company, L.P.  
808 East South Temple Street  
Salt Lake City, Utah 84102  
Telephone: 801.538.5002  
Facsimile: 801.538.5001

**Petitioner's Address:**

EP Energy E&P Company, L.P.  
1001 Louisiana Street / P. O. Box 4660 77210-4660  
Houston, TX 77002  
Attention: Michael J. Walcher

### **CERTIFICATE OF SERVICE**

I hereby certify that on this 10<sup>th</sup> day of June, 2016, I caused a true and correct copy of the foregoing **RESPONSE TO AXIA'S REQUEST FOR AGENCY ACTION AS AMENDED BY AXIA'S RESPONSE TO OBJECTIONS FILED MAY 31, 2016** in Docket No. 2016-011 Cause No. 139-138, to be served via United States First Class Mail, postage prepaid, to the following:

Macdonald & Miller Mineral  
Legal Services, PLLC  
Frederick M. Macdonald, Esq.  
7090 S. Union Park Ave., Ste. 400  
Midvale UT 84047  
E-Mail: [Fred@Macmillerlegal.Com](mailto:Fred@Macmillerlegal.Com)

Chairman Ruland Gill, Jr.  
Board of Oil, Gas and Mining  
1594 West North Temple #300  
Salt Lake City, Utah 84116

Attorneys for Petitioner Axia Energy II, LLC

Steven F. Alder  
John Robinson Jr.  
Melissa L. Reynold  
Utah Attorney General's Office  
Natural Resources Division  
1594 W. North Temple, Suite 300  
Salt Lake City UT 84116  
Email: [Stevealder@Utah.Gov](mailto:Stevealder@Utah.Gov)  
Email: [Jrobinson@Utah.Gov](mailto:Jrobinson@Utah.Gov)  
Email: [Mreynolds@Utah.Gov](mailto:Mreynolds@Utah.Gov)

Michael S. Johnson  
Utah Attorney General's Office  
Natural Resources Division  
1594 W. North Temple, Suite 300  
Salt Lake City UT 84116  
Email: [Mikejohnson@Utah.Gov](mailto:Mikejohnson@Utah.Gov)

Assistant Attorney General Representing  
The Board of Oil, Gas and Mining

Assistant Attorneys General Representing the  
Division of Oil, Gas And Mining

United States of America  
Bureau of Land Management  
Utah State Office  
440 West 200 South, Suite 500  
Salt Lake City UT 84101

State of Utah  
School & Institutional Trust Lands  
Administration  
675 East 500 South, Suite 500  
Salt Lake City UT 84102-2818

United States Of America  
C/O Western Region Postal Service  
San Bruno, CA 94099

Utah Department of Transportation  
4501 South 2700 West  
Salt Lake City UT 84119

Secretary of Housing And Urban  
Development  
451 Seventh Street, S.W.  
Washington DC 20410

Duchesne County  
P.O. Box 910  
Duchesne UT 84021

United States of America, Trustee for the  
Benefit  
of the Ute Tribe of Indians of the Uintah and  
Ouray Reservation  
Bureau Of Indian Affairs  
P. O. Box 130  
Fort Duchesne UT 84026

State Of Utah  
Department Of Natural Resources Division of  
Forestry, Fire and State Lands  
1594 West North Temple, Box 145703  
Salt Lake City UT 84114-5703

United States Of America  
Forest Services (Dept. Of Agriculture)  
C/O Kathryn J. Conant  
Director Of Land & Minerals  
324 25th Street  
Ogden UT 84401

Ute Distribution Corporation.  
P.O. Box 696  
Roosevelt UT 84066

Duchesne County  
734 North Center Street  
P.O. Box 270  
Duchesne UT 84021

EP Energy E&P Company, L.P.  
1001 Louisiana Street / P.O. Box 4660 77210-  
4660  
Houston, TX 77002  
Attention: Michael Walcher

John Baza, Director  
Utah Division of Oil, Gas and Mining  
P.O. Box 145801  
Salt Lake City, Utah 84114

John Rogers  
Associate Director Oil and Gas  
Utah Division of Oil, Gas and Mining  
P.O. Box 145801  
Salt Lake City, Utah 84114

